



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Ethan F. Roberts - Real Estate Expenses - Resale  
Waiver Fee or "Flip Tax"

File: B-230741

Date: September 19, 1988

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### DIGEST

A transferred employee sold his cooperatively owned residence. He seeks reimbursement for a resale waiver fee or "flip tax" charged him by the cooperative which allowed him to dispose of his interest on the open market. Real estate expense reimbursements are strictly governed by the Federal Travel Regulations, and a resale waiver fee is not reimbursable under those regulations. William D. Landau, B-226013, Oct. 28, 1987.

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### DECISION

This decision is in response to a request from the Director, Office of Budget and Finance (Controller), Veterans Administration (VA). It concerns the entitlement of a VA employee to be reimbursed for a resale waiver fee in connection with the sale of a cooperative apartment incident to a permanent change of station. We conclude that he may not be reimbursed for the following reasons.

### BACKGROUND

Mr. Ethan F. Roberts, an employee of the VA, was transferred from the VA Medical Center, Montrose, New York, to the VA Medical Center, Brecksville, Ohio, effective June 16, 1986. He owned a cooperative apartment in Ossining, New York, and incident to his transfer he sold his interest in that cooperative apartment. Among the expenses claimed was \$4,600 which represented a resale waiver fee or "flip tax" charged him by the apartment cooperative.

Under its by-laws, the cooperative has the right of first refusal to repurchase a shareholder's interest or to waive that right for a set fee. This permits the owner of that shareholder interest to dispose of it on the open market,

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in lieu of having to resell it to the cooperative for a lower set price.

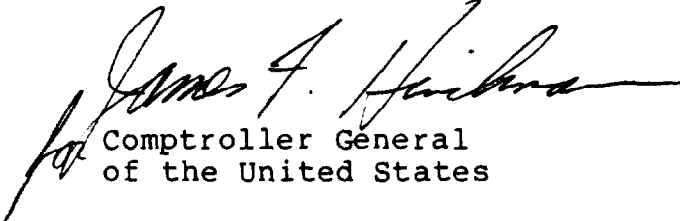
The VA disallowed that expense, but by settlement Z-2861221, October 20, 1987, our Claims Group concluded that since the Federal Travel Regulations (FTR)<sup>1/</sup> did not preclude payment of a resale waiver fee and since the expense was a common and customary practice in the New York area, reimbursement was appropriate.

Shortly thereafter, we issued our decision in William D. Landau, B-226013, Oct. 28, 1987, where we held that a resale waiver fee could not be reimbursed. Because of that decision, the VA has resubmitted Mr. Roberts' claim for review and further consideration.

#### OPINION

In Landau, supra, we held that a resale waiver fee was not one of the items specifically listed in FTR para. 2-6.2(d)(1) as a reimbursable miscellaneous real estate expense (such as loan origination fees, credit reports, or taxes and revenue stamps), nor was it similar in nature to those specifically allowed items. Thus, we concluded in Landau that a resale waiver fee did not qualify for reimbursement.

The facts in the present case are parallel to those in Landau. Therefore, the decision in Landau controls here, and the agency's initial action disallowing Mr. Roberts' claim is sustained.

  
Comptroller General  
of the United States

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<sup>1/</sup> Supp. 4, Aug. 23, 1982, incorp. by ref., 41 C.F.R. § 101-7.003 (1983).